

STATE ETHICS COMMISSION

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ROBERT L. FARMER
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EXECUTIVE DIRECTOR

January 10, 2013

The Honorable Patrick L. McCrory
Governor of North Carolina
20301 Mail Service Center
Raleigh, NC 27699-0301

Via email

Re: Evaluation of Statement of Economic Interest for Mr. John E. Skvarla III
Secretary, Department of Environment and Natural Resources

Dear Governor McCrory:

Our office is in receipt of **Mr. John E. Skvarla III's** 2013 Statement of Economic Interest as your appointee as the Secretary of the **Department of Environment & Natural Resources ("the Department")**. We have reviewed it for actual and potential conflicts of interest pursuant to Chapter 138A of the North Carolina General Statutes ("N.C.G.S."), also known as the State Government Ethics Act.

We did not find an actual conflict of interest, but found the potential for a conflict of interest. The potential conflict identified does not prohibit service in this position.

The State Government Ethics Act establishes ethical standards for certain public servants, including conflict of interest standards. N.C.G.S. §138A-31 prohibits public servants from using their positions for their financial benefit or for the benefit of a member of their extended family or a business with which they are associated. N.C.G.S. §138A-36(a) prohibits public servants from participating in certain official actions from which the public servant, his or her client(s), a member of the public servant's extended family, or a business or non-profit with which the public servant or a member of the public servant's immediate family is associated may receive a reasonably foreseeable financial benefit.

Mr. Skvarla will fill the role of Secretary of the Department. He is the Chief Executive Officer of Restoration Systems, LLC, a stream and wetland restoration firm. Mr. Skvarla owns a threshold amount of interest in Restoration Systems, which in turn owns threshold amounts of interest in several mitigation companies which have business dealings with the Department. As such, Mr. Skvarla has the potential for a conflict of interest. Mr. Skvarla has indicated that his ownership interest in Restoration Systems will be placed in a blind trust and/or sold. He should exercise appropriate caution in the performance of his public duties should any entity in which he has a financial interest come before the Department for official action. This would include recusing himself to the extent that this interest would influence or could reasonably appear to influence his actions.

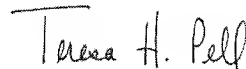
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In addition to the conflicts standards noted above, N.C.G.S. §138A-32 prohibits public servants from accepting gifts, directly or indirectly (1) from anyone in return for being influenced in the discharge of their official responsibilities, (2) from a lobbyist or lobbyist principal, or (3) from a person or entity which is doing or seeking to do business with the public servant's agency, is regulated or controlled by the public servant's agency, or has particular financial interests that may be affected by the public servant's official actions. Exceptions to the gifts restrictions are set out in N.C.G.S. §138A-32(e).

Finally, the State Government Ethics Act mandates that all public servants attend an ethics and lobbying education presentation. Please review the attached document for additional information concerning this requirement.

Please contact our office if you have any questions concerning our evaluation or the ethical standards governing public servants under the State Government Ethics Act.

Sincerely,

A handwritten signature in black ink that reads "Teresa H. Pell". The signature is written in a cursive style with a horizontal line above the first name.

Teresa H. Pell
SEI Attorney

cc: Mr. John E. Skvarla III

Attachment: Ethics Education Flyer